

JAN. 25, 2006 4:35PM

NO. 640 P. 11

**DAVID L. HOPKINS, ASA, MAAA**  
**ACTUARIAL - ECONOMIC CONSULTING**  
**182 EAST DEKALB PIKE**  
**KING OF PRUSSIA, PA 19406**  
**PHONE (610) 768-7180 \* FAX (610) 768-7184**

**DATE: January 20, 2006**

**1-215-772-1005**

**TO: Matthew Casey, Esq.**

**RE: Fishman**

**\*\* For problems with this transmission, please call (610) 768-7180 \*\***

JAN. 25, 2006 4:35PM

NO. 640 P. 10

DAVID L. HOPKINS, ASA, MAAA  
ACTUARIAL - ECONOMIC CONSULTING  
182 EAST DEKALB PIKE  
KING OF PRUSSIA, PA 19406  
PHONE (610) 768-7180 • FAX (610) 768-7184

**MARISSA ROSE FISHMAN**

Loss of Earning Capacity &  
Fringe Benefits

Prepared for:

Matthew Casey, Esq.  
**KLINE & SPECTER**  
1525 Locust Street, 7<sup>th</sup> Floor  
Philadelphia, Pa 19102

Prepared by:

  
David L. Hopkins, ASA, MAAA  
January 20, 2006

Marissa Rose Fishman

### **BACKGROUND**

Marissa Rose Fishman was born on December 30, 2000. Therefore, she was 1.7 years of age at the time of her death on August 30, 2002. Marissa was found floating face down in a swimming pool at her grandparents' home. She died later the same day at the Al DuPont Institute. Marissa is survived by her parents and three siblings. Her mother, Rochelle Fishman, was born on January 20, 1966. Her father, Eric Fishman was born on September 9, 1957. Both parents have completed college degrees. Marissa's mother completed a Bachelor of Arts Degree at Adelphia College in New York. Marissa's father completed a Bachelor of Science Degree at Philadelphia Textiles in 1981. Marissa's father previously worked for his family's business at an earnings rate of approximately \$250,000 per year. Mr. Fishman is now self-employed in an import/export business. The names and dates of birth of the three siblings are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Date of Birth</u>
Alexandra Sosha Fishman	Sister	December 21, 1993
Harrison Fishman	Brother	October 21, 1997
Samuel M. Fishman	Brother	June 10, 1998

### **LIFE EXPECTANCY**

As indicated previously, Marissa was 1.7 years of age at the time of her death. The life expectancy of a female of this age would be 79.7 additional years based on the 2002 U.S. Life Tables, prepared by the U.S. Department of Health and Human Services.

Adding the life expectancy of 79.7 years to the age at death of 1.7 years would indicate an expected life span of 81.4 years of age.

Had she not died, Marissa would have currently been 5.1 years of age. Therefore, 76.3 years would have remained in the normal life expectancy for Marissa, had she not died.

JAN. 25. 2006 4:35PM

NO. 640 P. 13

Marissa Rose Fishman

**WORKLIFE EXPECTANCY**

Based upon information published by the National Center for Educational Statistics, and for the purposes of this report, consideration is made for an anticipated level of educational attainment for Marissa that would be equal to or greater than the educational level of her parents, had she not died. Therefore, calculations are provided in this report based upon the average earnings levels with a Bachelor's Degree, a Master's Degree, and a Doctorate/Professional Degree (doctor, lawyer, dentist, etc.). The anticipated future worklife expectancy period for the measurement of lost earning capacity would be approximately equivalent to work through age 65.

Based upon the completion of a Bachelor's Degree, the future worklife expectancy period would be approximately 43 years (entrance to the labor market at age 22 and normal retirement at age 65). Based upon the completion of a Master's Degree, the expected date of entrance to the labor market would have been at approximately age 24. Therefore, the future worklife expectancy period with a Master's Degree would be 41 years. Based upon the completion of a Doctorate/Professional Degree, the expected date of entrance to the labor market would have been at approximately age 26. Therefore, the future worklife expectancy period with a Doctorate/ Professional Degree would be 39 years. Based upon retirement at age 60, the worklife period would be 5 years shorter. Based upon retirement at age 70, the worklife period would be 5 years longer.

JAN. 25, 2006 4:35PM

NO. 640 P. 14

Marissa Rose Fishman

**FUTURE LOST EARNING CAPACITY**

The future lost earning capacity is measured for the duration of the future worklife expectancy period based upon the average level of earnings (across all age groupings) for the three alternative levels of educational attainment described previously: a Bachelor's Degree, a Master's Degree, and a PhD/Professional Degree.

According to information from the publication, "Consumer Income", published by the U.S. Department of Commerce, Bureau of the Census, the average level of earnings for all females in the U.S. labor market at these educational levels were as follows as of the year 2004:

Bachelor's Degree.....	\$48,289 per year
Master's Degree.....	\$61,041 per year
PhD/Professional.....	\$92,207 per year

An allowance is made for increases in the earnings levels at the rate of 3½% per year, for that has been the average rate of increase for all workers earnings in the U.S. labor market over the past several years. Allowing for increases in the above levels of average earnings through the current date, the projected current level of average earnings for the three levels of educational attainment would be as follows:

Bachelor's Degree.....	\$51,728 per year
Master's Degree.....	\$65,389 per year
PhD/Professional.....	\$88,062 per year

The future lost earning capacity is calculated utilizing the total offset method, as prescribed by "Kaczowski vs. Bolubasz", 491 P.2d 561, 421 A.2d 1027 (1980). Under this method, future increases in earnings due to inflation are totally offset by the reduction of these earnings to their present value. In addition to using the total offset method, it is appropriate to make a conservative allowance for future increases in earnings due to productivity increases. However, the allowances for productivity increases have already been taken into account by utilizing an average earnings figure (across all age groupings) for the three educational levels as described above. On this basis, the future lost earning capacity would be as follows:

	<u>Retirement At Age 60</u>	<u>Retirement At Age 65</u>	<u>Retirement At Age 70</u>
Bachelor's Degree.....	\$1,965,664	\$2,224,304	\$2,482,944
Master's Degree.....	\$2,354,004	\$2,680,849	\$3,007,894
PhD/Professional.....	\$2,994,108	\$3,434,418	\$3,874,728

JAN. 25. 2006 4:35PM

Marissa Rose Fishman

**PERSONAL MAINTENANCE EXPENSES**

It is appropriate to make a deduction from the amount of lost earning capacity to represent the amount of the lost earnings that Marissa would have allocated toward the payment of her own personal maintenance expenses.

Personal maintenance expenses are the (modest and reasonable) necessary and economical living expenses of the deceased, had she not died. The personal maintenance expenses do not include the entire amount of the expenditures of the deceased, but only the supply of the necessities of life – sustenance, subsistence, livelihood and support.

Based upon tables of annual consumption budgets for selected family types, prepared by the U.S. Department of Labor, a conservative amount to use for personal maintenance expenses would be as follows:

Bachelor's Degree.....	30%
Master's Degree.....	28%
PhD/Professional.....	25%

After deducting for personal maintenance expenses as described previously, the net amount of the past lost earning capacity would be as follows:

	<u>Retirement At Age 60</u>	<u>Retirement At Age 65</u>	<u>Retirement At Age 70</u>
Bachelor's Degree.....	\$1,375,965	\$1,557,013	\$1,738,061
Master's Degree.....	\$1,694,883	\$1,930,283	\$2,165,684
PhD/Professional.....	\$2,245,581	\$2,575,814	\$2,906,046

JAN. 25. 2006 4:35PM

NO. 640 P. 16

Marissa Rose Fishman

**LOST FRINGE BENEFITS**

It is appropriate to make a calculation for the value of lost fringe benefits in connection with the amount of lost earning capacity for Marissa, had she not died. Such fringe benefits would include the value of employer contributions to Social Security, retirement plans, and other fringe benefits.

According to information and statistics published by the U.S. Department of Labor, the U.S. Chamber of Commerce, and the Employee Benefit Research Institute, the average value of employee fringe benefits in the U.S. labor market ranges from 20% to more than 30% of the level of the employees earnings. For purposes of this report, the lost fringe benefits are conservatively measured at 20% of the level of lost earning capacity for Marissa.

The future lost fringe benefits are measured for the duration of the future worklife expectancy period, utilizing the total offset method as described previously. On this basis, the total future lost fringe benefits would be as follows:

	<u>Retirement At Age 60</u>	<u>Retirement At Age 65</u>	<u>Retirement At Age 70</u>
Bachelor's Degree.....	\$393,133	\$444,861	\$496,589
Master's Degree.....	\$470,801	\$536,190	\$601,579
PhD/Professional.....	\$588,822	\$686,884	\$774,946

JAN. 25. 2006 4:35PM

NO. 640 P. 17

Marissa Rose Fishman

**SUMMARY****RETIREMENT AT AGE 60**

	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>PhD/ Professional Degree</u>
Future Lost Earning Capacity .....	\$1,375,965	\$1,694,883	\$2,245,581
Future Lost Fringe Benefits.....	<u>393,133</u>	<u>470,801</u>	<u>596,822</u>
TOTALS.....	\$1,769,098	\$2,165,684	\$2,844,403

**RETIREMENT AT AGE 65**

	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>PhD/ Professional Degree</u>
Future Lost Earning Capacity .....	\$1,557,013	\$1,930,283	\$2,575,814
Future Lost Fringe Benefits.....	<u>444,861</u>	<u>536,190</u>	<u>686,884</u>
TOTALS.....	\$2,001,874	\$2,466,473	\$3,262,698

**RETIREMENT AT AGE 70**

	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>PhD/ Professional Degree</u>
Future Lost Earning Capacity .....	\$1,738,061	\$2,165,684	\$2,906,046
Future Lost Fringe Benefits.....	<u>496,669</u>	<u>601,579</u>	<u>774,946</u>
TOTALS.....	\$2,234,650	\$2,767,263	\$3,680,992



**David L. Hopkins, ASA, MAAA**  
Actuarial-Economic Consultant and Economic Expert

**Office:**  
182 East DeKalb Pike  
King of Prussia, PA 19406  
(610) 768-7180  
Fax (610) 768-7184

**Residence:**  
801 Pine Hill Road  
King of Prussia, PA 19406  
(610) 293-1586

**EDUCATION AND CERTIFICATION:**

March 2000      Admitted as Member of the American Academy of Actuaries.

May 1992      Admitted as Associate of the Society of Actuaries (ASA) upon completion of required examinations covering the topics of advanced mathematics, statistics, applied statistics, operations research, numerical analysis, interest theory, actuarial math, risk theory, and survival models.

Additional Examinations: Underwriting, Social Security, Pension Valuation Principals.

August 1991      Master of Science Degree, Actuarial Science, Temple University

May 1983      Bachelor of Science Degree in Economics, Wharton School of the University of Pennsylvania. Dual Majors: Actuarial Science and Decision Sciences.

**EMPLOYMENT:**

February 1980 to Present      Actuarial-Economic Consultant - Providing services in the evaluation of claims which arise from wrongful death, injury, divorce and similar matters, using actuarial methods. Admitted as expert witness for courtroom testimony: Pennsylvania, New Jersey, Delaware, New York and Connecticut.

February 1985 to November 1987      Treasurer, Finance Chairman, Comptroller, and Board Member of the Choral Arts Society of Philadelphia (non-profit symphonic chorus).

**ASSOCIATIONS:**

Society of Actuaries, Member of the American Academy of Actuaries, Actuaries Club of Philadelphia, American Economic Association.

**ARTICLES:**

"Projecting the Cost of Future Medical Expenses for Disability Cases," Legal Intelligencer, 12/29/92 (with Betsy Bates, BSN, CRRN).

**PRESENTATIONS:**

Middlesex, NJ Bar Association  
National Business Institute, "Trying the Wrongful Death Case in Pennsylvania: Strategies in Preparation and Valuation".